

The 5<sup>th</sup> Indonesia International Conference on Innovation, Entrepreneurship,  
and Small Business (IICIES 2013)

## **Social Entrepreneurship and Socio-entrepreneurship: A Study with Economic and Social Perspective**

Atu Bagus Wiguna and Asfi Manzilati\*

*<sup>1</sup>Department of economics, Economic and Business Faculty, University of Brawijaya, Malang, Indonesia*

---

### **Abstract**

The purpose of this research is to understand the meaning of social entrepreneurship and socio-entrepreneurship. Using the literature source of books and scientific articles, the data is collected through a literature review then analyzed with the technique of content analysis. Started from the economic system of United States; the social entrepreneurship has result in its main orientation, that is profit. It develops a strategy which divides economic and social aspects in delivering its activities of business. The performance of social entrepreneurship is measured economically as it applies the resource utilization exploitatively and desire-based. On the other hand, socio-entrepreneurship started from the economic system of Europe. It has its main orientation to process and behavior, putting its effort to create social improvement. Integrating the economic and social aspects, socio-entrepreneurship oversees the effort to contribute to the social process, since social improvement is not-measurable. It applies the resource utilization in a need basis standpoint. This research yet examines the other aspects which figure society such as political, cultural and religion aspects. For this state, Indonesia, it is recommended that the forthcoming research needs to study those aspects as well then the perspective of entrepreneurship can be enriched. The fact this research is on the conceptual context, it is also suggested to employ an empirical approach to verify this concept to daily-life context using inferential statistic.

© 2013 The Authors. Published by Elsevier Ltd.

Selection and peer-review under responsibility of The 5th Indonesia International Conference on Innovation, Entrepreneurship, and Small Business.

*Key words:* social and socio-entrepreneurship; literature survey; content analysis; goal and orientation of entrepreneurship; resource utilization

---

---

\* Corresponding author. Tel.: +62-857-9090-2272.

*E-mail address:* [atu.bagus@yahoo.com](mailto:atu.bagus@yahoo.com) (Atu Bagus Wiguna), [asfi\\_manzilati@yahoo.com](mailto:asfi_manzilati@yahoo.com) (Asfi Manzilati)

## 1. Introduction

Bjerke (2007) explains entrepreneurship classical theory that is pointed out by Cantilon (1680-1743), Say (1767-1832), Schumpeter (1883-1950), and Kirzner (b1930) as we can see on appendix C. Recent definition has linkage to the classical theory such as literature about definition of entrepreneurship from Hisrich, Peter, and Shepherd (2008), Lambing and Kuehl in Hendro (2011), Bjerke (2007) and Casson (2003) which explain entrepreneurship is new value creation process by coordinating resources for profit purpose.

Entrepreneurship has some unique characteristics, the performance is not related to its age and it supports economic growth to other society (Bjerke, 2007 and Dale, 2000). Now, entrepreneurship has been studied by collage in Singapore, Malaysia, UK, Australia and the United States (Hendro, 2007). Entrepreneurship research has been developed to see the role of entrepreneurship in society, the characteristic and way of thinking of entrepreneurship, entrepreneurial environment, and entrepreneurial phenomenon (Bjerke, 2007).

Start from the uniqueness of entrepreneurship, this study sees a theoretical gap. Entrepreneurship is related to the economic aspect that is economic growth, but economic growth contains the improving of human's life quality aspect. This means, there is social aspect in growth that has not been raised yet. Therefore, this study examines entrepreneurship in economic and social perspective.

Economic perspective is reviewed by Case and Fair (2007), Mabry and Ulbrich (1989), Samuelson and Nordhaus (1998) and Dyal and Karatjas (1990), Breton and Largent (1991) and Mundel (1968). From the literature, it can be concluded that economics is a science about human needs' fulfilment. The rising of *homo economicus* assumption of Coleman in Ritzer (2012) and Mantzavinos in Manzilati (2011) point out that people in fulfilling their needs tend to try improving their life better based on what their rationality say. These assumptions then, lead to the assumption of self-interest and the opportunity which mean that economics is the study of human fulfilling their needs by making choices and conducting transactions with others.

Furthermore, the social perspective is reviewed by sociology according to Abercrombie (2010), Macionis (2007), Broom, Bonjean and Broom (1990), Neubeck and Glasberg (2005), Schaefer (2007) and Anderson and Taylor (2006) which can be concluded that sociology is the study of human interaction. *Homo sociologicus* assumption that is reviewed from Ritzer (2012) and Elster in Manzilati (2011) concluded that humans interact with each other and are bounded by social norms and values in society.

Based on article review (Certo and Miller, 2008; Seelos and Mair ,2005; Mair and Marti, 2006) and discussion with Ariwiguna<sup>1</sup>(2012), this research focuses in analyzing entrepreneurship's meaning from the perspective of economic and social with the goal of understanding the meaning of social entrepreneurship and socio-entrepreneurship. The conceptual framework is developed as follows:

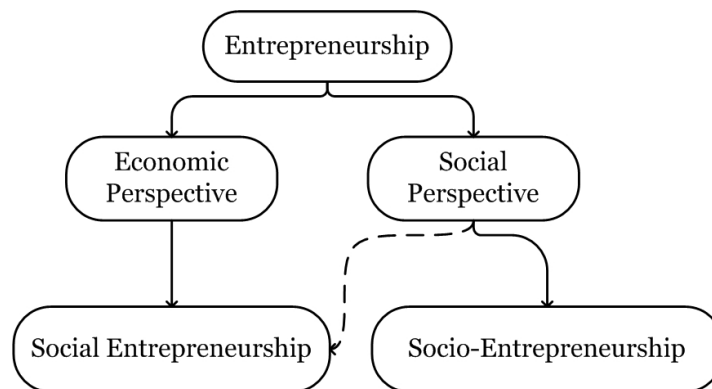


Fig. 1. Conceptual Framework

<sup>1</sup>Wily Ariwiguna, expert in talent management (wily\_ari@hotmail.com)

Entrepreneurship is viewed from economic perspective supported with social perspective would generate an understanding of social entrepreneurship. On the other hand, it is viewed from the social perspective which would generate an understanding of socio-entrepreneurship.

Social entrepreneurship, in literally meaning, consists of two words which are social and entrepreneurship. Social functioned as adjective word, in another word, social entrepreneurship is entrepreneurship that has social characteristic. As a concept, social entrepreneurship began within the development of United States economic system. Schnitzer (1994) states that it tends to achieve wealth and it has individual character, especially for the society.

Socio-entrepreneurship, in literally meaning, consists of two words, which are socio and entrepreneurship. They fuse and create a new word. So, socio-entrepreneurship is entrepreneurship that has social goal and method. As a concept, socio-entrepreneurship began within the development of European economic system. Schnitzer (1994) points out that it focuses to improve the life quality of society. The European economic system has changed, from socialist-capitalist-European Capitalist- for the sake of improving the life quality of society at the time.

The economic system is different when it arises. It makes a different method for society to apply in economy of daily life. Social entrepreneurship tends to be similar with United States economic system. On the other hand socio-entrepreneurship tends to be similar with the European one. The two economic systems make a difference when it is applied, such as, social entrepreneurship and socio-entrepreneurship arise as two different concepts and it would be different when it is applied in daily of life.

## 2. Research Method

This study used in the research is a qualitative approach using data such as scientific literature, journals, articles, documents or visual material related to entrepreneurship, economics and sociology. The data collection techniques used in the research is literature survey techniques as explained by Bordens and Abbot (2005) that literature survey is the process of placing, obtaining, reading, and evaluating research literature. The inquiry approach is content analysis that analyzes the recordings or written words (Bordens and Abbott, 2005).

This is a basic research that focuses on concept's development of social entrepreneurship and socio-entrepreneurship. Bordens & Abbot (2005) explain that basic research is a research that inquires about theory without any or a small practice of the theory into reality. The concept needs to be explored further so that it could be applied into reality.

## 3. Social Entrepreneurship

Social entrepreneurship begins with a discussion of previous studies of Certo and Miller (2008), which pointed out that there are three ways to look at in social entrepreneurship. First, from the overall mission, social entrepreneurship has a mission to social value creation with profit as an indirect effect. Second, performance measurement is difficult to do because the difficulty of social value measurement. Third, resource utilization, that social entrepreneurship utilizes the resources voluntarily. Author develops other points presented on mind map 1 which can be seen in appendix 1.

Starting from the previous research, social entrepreneurship is utilizing resource in transactional way. Resources become tools and are used as much as possible for a particular purpose both economically and socially. With *homo economicus* assumption, social entrepreneurship utilizes resource based on desire (desire-based). So it would tend to resource exploitation activity.

Social entrepreneurship has profit as the goal and results oriented. Author reviews profit from Colander (2008), Slavin (2008), and Nicholson and Snyder (2007) saying that profit goal is making social entrepreneurship related closely with the concept of opportunity cost and profit maximization. Social entrepreneurship performs social activities with profit then is distributed as an effort to create social value.

Performance of social entrepreneurship is measured economically where the social impact can be viewed in social costs concept. Field and Field (2006) argue that the social cost components include the external costs. It is a cost that appears for society and the environment caused by the activity of an enterprise. Social entrepreneurship provides a social value from its business activities which has an impact on society or the environment.

Approach of social entrepreneurship in the activity is separating the social and economic aspects with social

capital approach. Social capital according Yustika (2006) is a bounded aggregate resource to realize a durable network for institutionalizing mutually benefit relationship. Social entrepreneurship needs to interact with the social structure in order to enhance social value. However, on the other hand it could keep doing its economic activity.

Social entrepreneurship began from the United States economic system formed by society that is individualist, consumerist, and gives priority to wealth as proposed by Schnitzer (1994). The form of social entrepreneurship is corporate social responsibility which appeared in the U.S. when big companies grew significantly and did not care about social environment as proposed by Steiner and Steiner (2006). It resulted on the companies get protest in order to contribute to the social aspect than the economic aspects.

#### 4. Socio-Entrepreneurship

Socio-entrepreneurship discussion begins with previous research from Seelos and Mair (2005) and Mair and Marti (2006), which are originated from Europe, and labelled with socio-entrepreneurship. The research suggests that, first, socio-entrepreneurship organization runs activities effectively and efficiently about human needs fulfilment that market and other institution failed to provide. Second, socio-entrepreneurship is the ability of entrepreneurship to change society. Third, socio-entrepreneurship proposes a strategy that is stable and socially acceptable. Fourth, socio-entrepreneurship runs its activity based on moral and ethical for self achievement. Fifth, socio-entrepreneurship can be studied from its process and behaviour. Author develops the points presented on mind map 2 which can be seen in appendix 2.

The Result of the research begins by discussion of socio-entrepreneurship's rising in solving social problems. The author reviews the literature from Lamberton and Evans (2007) in the theory of Maslow's hierarchy of needs. Socio-entrepreneurship tends to have esteem-needs both from the others or him/her self. Socio-entrepreneurship has also need for self-actualization to actualize its self potential.

Socio-entrepreneurship's goal is increasing social value that behaviour and processes oriented. Author reviews it with the theory of X and Y in Lamberton and Evans (2007) which explains that a manager approached his/her employees based on the worker and themselves. The process approach is studied by the literature from Soetomo (2006) that the process approach focuses on human development that emphasizes how human involves in whole development process.

Socio-entrepreneurship is utilizing resources based on needs. It is based on the assumption of *homo sociologicus* where humans tend to act based on values and social norms. Utilization is not done freely, but the utilization of resources is done by maintenance of the resources and preventing exploitation.

Socio-entrepreneurship does not measure the performance, but it is measured by its contributions in the improving social aspects. It can be determined by understanding the socio-entrepreneurial orientation that focuses on processes and behaviour (Dees in Mair and Marti; Rachlin in Passer and Smith). Performance of socio-entrepreneurship is not about how much an increase in the social aspects, but how much socio-entrepreneurship gets involved and contributes in the process of improving social aspect.

The approach used by socio-entrepreneurship is an approach that integrates social and economic aspects. It is based on the empowerment aspect of Green and Haines (2002), Ife and Tesoriero (2008) and Soetomo (2006) which the approach involves socio-entrepreneurship together with those who involve in the activity. So, socio-entrepreneurship is not only supporting independence but also supporting linkage between the actors who involve in the activity for a certain goals.

Socio-entrepreneurship arises from the European economic system that had a long history. Schnitzer (1994) argued that it was begun with socialism, capitalism with socialism as the antithesis, and after then the capitalism became a system that integrated capitalism and socialism. Substitution of economic system has a goal, that to solve social problems in Europe at that time.

#### 5. Implication

This research studied entrepreneurship with economic and social perspective. However, there are other factors that have not been studied such as political, cultural, and religious aspect. Future research could study it in order to enrich the perspective of entrepreneurship and become one of the aspects that forming society in Europe, the United States and other countries.

This research studied at the level of concepts, so verification process is needed to be done to be applied in

reality. Verification can be done by changing the concept in variables form analyzed with descriptive or inferential statistics.

## 6. Conclusion

Social entrepreneurship and Socio-entrepreneurship arise from the way of thinking between two different perspectives. Author provides an overview of ethical and moral perspective for facing the different perspectives. Ethics and moral studied from the literature of Pratley (1995), Post, Lawrence and Weber (2002) and Steiner and Steiner (2006) which concluded that ethics is an understanding of right and wrong, while moral is the application the understanding.

Author provides ethical and moral aspect from social entrepreneurship as shown in appendix A. On the other hand, Socio-entrepreneurship studied by moral and ethical aspect shown in appendix B. Applying the moral, it needs an understanding of right and wrong. Socio-entrepreneurship has an understanding of the business activities that is not only begins from economic motive but it begins from social aspect as wider aspect than economy. So socio-entrepreneurship is relevant to be applied in Indonesia or other country that has a purpose for the welfare of society.

## Acknowledgements

The authors gratefully acknowledge the helpful comments of Elsevier Procedia Social and Behavioural Science reviewers of earlier drafts of this paper and to the IICIES 2013 Organizing Committee.

### Appendix A. Matrix of Social Entrepreneurship's Ethic and Moral

No	Criteria	Ethic	Moral	Social Entrepreneurship	Note
1	The Beginning	No	No	Economic motive	Not apply ethical and moral yet
2	Activity Orientation	No	No	Result orientation : profit	Not apply ethical and moral yet
3	Performance	No	Yes	Provide economic intensive	Apply moral
4	Resources Utilization	No	Yes	Desire based	Apply moral
5	Strategy and Approach	No	Yes	Achieve economic goal and then social goal	Apply moral

### Appendix B. Matrix of Socio-Entrepreneurship's Ethic and Moral

No	Criteria	Ethic	Moral	Socio-Entrepreneurship	Note
1	The Beginning	Yes	No	Social motive	Not apply ethical and moral yet
2	Activity Orientation	Yes	No	Process and behaviour orientation : social improvement	Not apply ethical and moral yet
3	Performance	Yes	Yes	Contributing and involvement	Apply moral
4	Resources Utilization	Yes	Yes	Need based	Apply moral

5	Strategy and Approach	Yes	Yes	Empowerment and support linkage between actors	Apply moral
---	-----------------------	-----	-----	--	-------------

### Appendix C. The Beginning of Inquiry: Entrepreneurship classical theory

No	Scholars	Definition
1	Richard Cantilon	Entrepreneur is someone who is taking a risk (risk taker) by buying goods in a price and selling it without knowing the demand condition and selling price at the market.
2	J. B Say	Entrepreneur is a business-builder, who carrying the production factor and manages the enterprise simultaneously.
3	J. Schumpeter	The primary function of entrepreneur is an innovator. Entrepreneur introduces new product, process and management. Entrepreneur has an important role in economic growth when it is doing creative destruction by market mechanism and market share intervention.
4	I. Kirzner	Entrepreneur is someone who understands an inequality in economic system which could be exploited. So, entrepreneur utilizes resources more efficient than before. For this argument, entrepreneur is opportunist.

Sources: Bjerke (2007:71)

### References

- Abercrombie, Nicholas. Stephen Hill and Bryan S Turner. 2010. *Kamus Sosiologi*. Yogyakarta: Pustaka Pelajar.
- Bjerke, Bjorn. 2007. *Understanding Entrepreneurship*. Cheltenham: Edward Elgar Publishing Limited.
- Bordens, Kenneth S and Bruce B Abbott. 2005. *Research Design and Methods: A Process Approach*. New York: McGraw-Hill.
- Breton, Denise and Christopher Largent. 1991. *The Soul Of Economics: Spiritual Evolution Goes to the marketplace*. USA: Idea House Publishing.
- Broom, Leonaer. Charles M Bonjean and Dorothy H Broom. 1990. *Sociology: A Core Text With Adapted Readings*. USA: Wadsworth Publishing Company.
- Case, Carl E and Ray C Fair. 2007. *Principles Of Economics*. USA: Pearson International Edition.
- Casson, Mark. 2003. *The Entrepreneur: An Economic Theory*. Cheltenham: Edward Elgar.
- Certo, S Trevis and Toyah Miller. 2008. Social Entrepreneurship: Key Issues and Concept. *Business Horizons* 51, 267 – 271.
- Colander, David C. 2008. *Microeconomics*. New York: McGraw Hill.
- Field, Barry C and Field Martha K. 2006. *Environmental Economics: An Introduction*. New York: Mc Graw-Hill/Irwin.
- Green, Gary Paul and Anna Haines. 2002. *Asset Building and Community Development*. London: Sage Publications.
- Hendro. 2011. *Dasar-Dasar Kewirausahaan: Panduan bagi Mahasiswa untuk Mengenal, Memahami, dan Memasuki Dunia Bisnis*. Jakarta: Erlangga.
- Hisrich, Robert D. Michael P Peters and Dean A Shepherd. 2008. *Kewirausahaan*. Jakarta: Salemba 4.
- Ife, Jim and Frank Tesoriero. 2008. *Community Development: Alternative Pengembangan Masyarakat di Era Globalisasi*. Yogyakarta: Pustaka Pelajar.
- Lamberton, Lowell and Leslie Minor-Evans. 2007. *Human Relations: Strategies for Success*. New York: McGraw-Hill/Irwin.
- Mabry, Rodney H and Holley H Ulbrich. 1989. *Introduction to Economic Principles*. Singapore: Mc Graw-Hill International Editions.
- Maconis, John J. 2007. *Sociology*. Amerika Serikat: Pearson Education.
- Mair, Johanna and Ignasi Marti. 2006. Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business* Vol 41 (36–44).
- Manzilati, Asfi. 2011. *Kontrak yang Melemahkan Relasi Petani dan Korporasi*. Malang: UB Press.
- Mundell, Robert A. 1968. *Man and Economics*. New Delhi: McGraw-Hill Publishing Company.
- Neubeck, Kenneth J and Glasberg, Dafita Silfen. 2005. *Sociology: Diversity, Conflict, and Change*. New York: McGraw Hill.
- Nicholson, Walter and Christopher Snyder. 2007. *Theory and Application of Intermediate Microeconomics*. Kanada: Thompson South-Western.
- O'Sullivan, Arthur. Steven M Sheffrin and Stephen J Perez. 2008. *Survey Of Economics: Principles, Applications, and Tools*. USA: Pearson Prentice Hall.
- Passer, Michael W and Ronald E. Smith. 2001. *Psychology: Frontiers and Applications*. New York: McGraw-Hill.
- Post, James E. Anna T Lawrence and James Weber. 2002. *Business and Society: Corporate Strategy, Public Policy, Ethics*. New York: Mc Graw Hill.
- Pratley, Peter. 1995. *The Essence of Business Ethics*. Inggris: Prentice Hall International.
- Ritzer, George. 2012. *Teori Sosiologi: Dari Sosiologi Klasik Sampai Perkembangan Terakhir Postmodern*. Yogyakarta: Pustaka Pelajar.
- Samuelson, Paul A and William D Nordhaus. 1998. *Economics*. USA: McGraw-Hill.
- Schnitzer, Martin C. 1994. *Comparative Economic Systems*. Ohio: South Western.

- Seelos, Christian and Johanna Mair. 2005. Social Entrepreneurship: Creating New Business Model to Serve The Poor. *Business Horizons Vol 48* (241 – 246).
- Slavin, Stephen L. 2008. *Microeconomics*. New York: Mc Graw Hill/Irwin.
- Soetomo. 2006. *Strategi-Strategi Pembangunan Masyarakat*. Yogyakarta: Pustaka Pelajar.
- Steiner, George A and John F Steiner. 2006. *Business, Government, and Society: A Managerial Perspective, Text and Cases*. New York: Mc Graw Hill International Edition.
- Yustika, Ahmad Erani. 2006. *Ekonomi Kelembagaan: Definisi, Teori, dan Strategi*. Malang: Bayu Media.